

The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

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U.S. PATENT AND TRADEMARK OFFICE  
BOARD OF PATENT APPEALS  
AND INTERFERENCES

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

Ex parte NED HOFFMAN, DAVID FERRIN PARE JR.,  
JONATHAN ALEXANDER LEE and  
PHILIP DEAN LAPSLEY

Appeal No. 2006-0464  
Application No. 09/215,058  
Technology Center 3622

ON BRIEF

Before OWENS, LEVY, and NAPPI, Administrative Patent Judges.  
LEVY, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal from the examiner's final rejection of claims 1-12 and 23-31, which are all of the claims pending in this application.

We REVERSE.

BACKGROUND

The appellant's invention relates to a tokenless financial access system (specification, page 1). In particular, a user registers with a computer system one or more biometric samples and one or more financial accounts. The user initiates account access by at an ATM by entering a biometric sample, where no man-made memory device is used (specification, page 4).

Claim 1 is representative of the invention, and is reproduced as follows:

1. A method for tokenless authorization of commercial transactions between a user and a seller using a computer system, the method comprising the steps of:
  - a. a user registration step, wherein the user registers with the computer system at least one registration biometric sample and at least one user financial account;
  - b. a seller registration step, wherein the seller registers with the computer system at least one seller financial account;
  - c. a proposal step, wherein the seller offers a proposed commercial transaction to the user, the proposed commercial transaction comprising price information;
  - d. a transmission step, wherein the user's personal identification information comprising at least a bid biometric sample is forwarded to the computer system;

e. a user identification step, wherein the computer system compares the bid biometric sample with registration biometric samples for producing either a successful or failed identification of the user; and

f. a payment step, wherein a financial account of the user is debited and a financial account of the seller is credited, wherein a commercial transaction is conducted without the user having to use any smartcards or swipe cards.

The prior art references of record relied upon by the examiner in rejecting the appealed claims are:

Daugman	5,291,560	Mar. 01, 1994
Houvener, et al. (Houvener)	6,070,141	May 30, 2000 (Filed Jul. 28, 1998)

Claims 1-12 and 23-31 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Houvener in view of Daugman.

Rather than reiterate the conflicting viewpoints advanced by the examiner and the appellants regarding the above-noted rejection, we make reference to the answer (mailed May 16, 2005) for the examiner's complete reasoning in support of the rejection, and to the brief (filed February 22, 2005) and reply brief (filed July 20, 2005) for the appellants' arguments thereagainst.

Only those arguments actually made by appellants have been considered in this decision. Arguments which appellants could

have made but chose not to make in the brief have not been considered. See 37 CFR § 41.37(c)(1)(vii)(eff. Sept. 13, 2004).

#### OPINION

In reaching our decision in this appeal, we have carefully considered the subject matter on appeal, the rejection advanced by the examiner, and the evidence of obviousness relied upon by the examiner as support for the rejection. We have, likewise, reviewed and taken into consideration, in reaching our decision, appellants' arguments set forth in the briefs along with the examiner's rationale in support of the rejection and arguments in rebuttal set forth in the examiner's answer. Upon consideration of the record before us, we make the determinations which follow.

We begin with claim 1.

In rejecting claims under 35 U.S.C. § 103, it is incumbent upon the examiner to establish a factual basis to support the legal conclusion of obviousness. See In re Fine, 837 F.2d 1071, 1073, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988). In so doing, the examiner is expected to make the factual determinations set forth in Graham v. John Deere Co., 383 U.S. 1, 17, 148 USPQ 459, 467 (1966). The examiner must articulate reasons for the examiner's decision. In re Lee, 277 F.3d 1338, 1342, 61 USPQ2d 1430, 1434

(Fed. Cir. 2002). In particular, the examiner must show that there is a teaching, motivation, or suggestion of a motivation to combine references relied on as evidence of obviousness. Id. at 1343. The examiner cannot simply reach conclusions based on the examiner's own understanding or experience - or on his or her assessment of what would be basic knowledge or common sense. Rather, the examiner must point to some concrete evidence in the record in support of these findings." In re Zurko, 258 F.3d 1379, 1386, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001). Thus the examiner must not only assure that the requisite findings are made, based on evidence of record, but must also explain the reasoning by which the findings are deemed to support the examiner's conclusion. However, a suggestion, teaching, or motivation to combine the relevant prior art teachings does not have to be found explicitly in the prior art, as the teaching, motivation, or suggestion may be implicit from the prior art as a whole, rather than expressly stated in the references. The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art. In re Kahn, 441 F.3d 977, 987, 78 USPQ2d 1329, 1336

(Fed. Cir. 2006) citing In re Kotzab, 217 F.3d 1365, 1370, 55 USPQ2d 1313 (Fed. Cir. 2000). See also In re Thrift, 298 F. 3d 1357, 1363, 63 USPQ2d 2002, 2008 (Fed. Cir. 2002). These showings by the examiner are an essential part of complying with the burden of presenting a prima facie case of obviousness. Note In re Oetiker, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992). If that burden is met, the burden then shifts to the applicant to overcome the prima facie case with argument and/or evidence. Obviousness is then determined on the basis of the evidence as a whole and the relative persuasiveness of the arguments. See Id.; In re Hedges, 783 F.2d 1038, 1039, 228 USPQ 685, 686 (Fed. Cir. 1986); In re Piasecki, 745 F.2d 1468, 1472, 223 USPQ 785, 788 (Fed. Cir. 1984); and In re Rinehart, 531 F.2d 1048, 1052, 189 USPQ 143, 147 (CCPA 1976).

The examiner's position (answer, page 5) is that "it is not explicitly disclosed that the current biometric data is being compared to biometric samples from the plurality of customers in the database (i.e. a one-to-many) to determine the identity of the current customer). To overcome this deficiency of Houvener, the examiner turns to Daugman for a teaching of using biometric data (iris codes) to identify individuals. The examiner asserts

(id.) that the modification would have been obvious in view of Houvener's disclosure of linking the customer's biometric data and the customer's account. According to the examiner, one would have been motivated to compare current biometric data with stored biometric data in order to automatically and unobtrusively identify the customer without the need for the customer to present any kind of token, pin number, signature, etc., as discussed by Daugman.

Appellants' position (brief, pages 5 and 6) is that Houvener does not teach comparing current biometric data with registered biometric samples to identify a user but rather assesses the quality of the identification already made, because Houvener presents a card, such as a credit card. The clerk inputs the account number, which if identified, causes a identification unit such as a photo to be returned to the store clerk. The clerk compares the photo with the user and if a match occurs, the transaction is performed. It is argued (brief, page 6) that Houvener define a two-step process whereas appellants' invention has a one-step identification process. It is argued (id.) that in Houvener, the second identification is to verify the first identification, and (brief, page 7) not to identify the user.

With respect to the examiner's reliance on claim 21 of Houvener as a teaching of using the biometric as the first identification unit, appellants assert that Houvener's specification does not enable the examiner's interpretation of the claim language of Houvener. Appellants assert (id.) that

The Examiner explicitly noted that in Houvener, "the first step identifies the customer (and the account), and the second step verifies the identity of the customer." The Examiner then explained that biometric data could be used in the first identification step. The Examiner failed, however, to explain how the second verification step would be performed in Houvener if the biometric data is used as a first identification step.

It is argued (brief, page 8) that the examiner's redesign of Houvener to meet the claims is an application of hindsight. It is further argued (id.) that Houvener verifies a previous identification whereas the claimed invention utilizes a single identification that does not need to be verified. With regard to Daugman, appellants assert (id.) that

Daugman teaches only iris identification and does not disclose nor enable the use of iris identification to complete a commercial transaction as is claimed in claim 1 of the present application. Thus, because the biometric in Houvener is used only to verify the user's identity, the combination of Daugman and Houvener, a combination the Appellant believes is not workable, would be use iris identification as a second identity verification step.



From our review of Houvener we find that the reference relates to the field of identity verification (col. 1, lines 14 and 15). Although the invention described is directed to non cash-based financial transactions, such as credit cards, it is also applicable to other transactions, such as banking transactions (col. 1, lines 20-25). The disclosure makes reference to point of sale transactions, using credit card accounts, etc (col. 4, lines 58-64). In credit card transactions, the point of identification will be as a point of sale. Upon presentation of a credit card, the store clerk will input the credit card account number into the point of identification terminal 1, such as by swiping (col. 5, lines 27-34). Once the account number is entered into the terminal, the terminal communicates with the remote database through a modem 8 (col. 4, lines 4-9). The credit card account data is processed at servers 16 and 17 (col. 6, lines 42-44). The database site will query any one of a number of credit authorization agencies (CCAs) to verify that the credit card is valid and within pre-approved credit limit (col. 7, lines 48-53). The server then retrieves a biometric such as a digital photograph associated with the account number (col. 6, lines 45-50). The retrieved photographic

image is displayed at the point of identification terminal and compared by the store clerk with the person making the transaction. If a match exists, the clerk inputs a keystroke or sequence of key strokes, verifying that the match exists (col. 9, lines 5-14).

From the disclosure of Houvener, we agree with appellants (brief, page 5) that there are two identification units, with the first identification identifying the customer and the second identification (photo) verifying the customer.

In addition, from the disclosure that the system databases query one or more CCAs to verify the credit card account information, we find that the user has registered at least one financial account.

From the disclosure that the point of identification is a point of sale (col. 5, lines 27 and 28) we find that the seller has offered an item for sale that will include a sales price. From the disclosures of credit card financial transactions (col. 1, line 23), point of sale, and using CCAs, we find that the seller will have inherently registered with the system, in order to be paid when the transaction is completed. However, the system requires the use of a token such as a credit card or bar

coded card, which makes the system of Houvener a token system and not a tokenless system. Houvener additionally discloses (col. 9, lines 16-21) that in a sophisticated embodiment an automated comparison using fingerprints and retinal images can be used, such that the clerk verification input may not be required. However, we interpret this portion of Houvener to mean that the clerk will not have to compare a picture of the account holder with the person making the transaction, and not that the first identification unit (swiped credit card) will be unnecessary for the system. In addition, from our review of claim 21 of Houvener we find that the language "wherein at least one of said at least two identification information units corresponding to each person being identified comprises a biometric identifier associated with said person" refers to either of the identification units being the biometric. However, we do not interpret this to mean that only a biometric will be used, but rather that the biometric will be used first and the credit card swipe will be used for account information after the individual has been identified by the biometric. This interpretation of claim 21 is consistent with the disclosure of Houvener because claim 21 depends from claim 20 which requires at least two identification units. In sum, Houvener discloses a system where both biometrics and a credit card or similar token are used.


Turning to Daugman, we find that the reference is directed to an iris scan for automated identification (col. 1, lines 6-8 and col. 2, line 32). It is disclosed that bank automatic teller machines are an example of technology requiring rapid and reliable personal identification (col. 1, lines 10-15). However, from our review of Daugman, we find no teaching or suggestion, nor has any been brought to our attention by the examiner or the appellants, as to how Daugman's system will be applied to a financial system, and we would have to resort to speculation to find that the reference suggests using biometrics in a tokenless system. The examiner may not resort to speculation or unfounded assumptions to supply deficiencies in establishing a factual basis. See In re Warner, 379 F.2d 1011, 1017, 154 USPQ 173, 178 (CCPA 1967). Rather we find that if combined with the disclosure of Houvener, the result would be that the iris identification system of Daugman would be the sophisticated, automated biometrics referred to in Houvener (col. 9, lines 16-21). Thus, although we do not agree with appellants that the systems of Daugman and Houvener could only be combined using hindsight, we find that upon modifying Houvener in view of the teachings of

Daugman, that the result would not be a tokenless system using only biometrics for identification. Note that in view of the language in claim 1 that the transaction is conducted without the user having to use smart cards or swipe cards, we find that the preamble language of tokenless authorization breathes life and meaning into the claim and has been given patentable weight.

From all of the above, we find that the examiner has failed to establish a prima facie case of obviousness of claim 1. Accordingly, we cannot sustain the rejection of claim 1, or of claims 2-12 or 23-31 which depend therefrom.

To summarize, the decision of the examiner to reject claims 1-12 and 23-31 under 35 U.S.C. § 103 is reversed.

*Terry J. Owens*  
TERRY J. OWENS  
Administrative Patent Judge

  
STUART S. LEVY  
Administrative Patent Judge

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~~ROBERT E. NAPPI~~  
Administrative Patent Judge

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MARGER JOHNSON & MCCOLLOM/INDIVOS  
210 SW MORRISON STREET  
SUITE 400  
PORTLAND OR 97204